

STATE OF SOUTH CAROLINA

South Carolina Electric & Gas Company – Request
to Transfer Real Property to the City of Charleston
and Request for Waiver of Bid Requirement

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2009 - ____ - E

(Please type or print)

Submitted by: K. Chad Burgess

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



April 8, 2009

VIA ELECTRONIC FILING

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: South Carolina Electric & Gas Company – Request to Transfer Real Property to
the City of Charleston and Request for Waiver of Bid Requirement

Dear Mr. Terreni:

South Carolina Code Ann. § 58-27-1300 (1976, as amended) requires South Carolina Electric & Gas Company (“SCE&G” or “Company”) to obtain approval from the Public Service Commission of South Carolina (“Commission”) when the Company seeks to “sell, assign, transfer, lease, consolidate or merge its utility property” in excess of \$1,000,000. Moreover, by Order No. 92-931 (“Order”), dated November 13, 1992, issued in Docket No. 89-230-E/G, the Commission approved certain recommendations and reporting requirements regarding real property owned by SCE&G. Among the recommendations and reporting requirements relating to real property, the Order requires SCE&G to engage in a competitive bidding process for sales of property with an appraised value in excess of \$50,000 (“Bid Requirement”). [See Appendix A to Order, pp.20-21]. For the reasons stated herein, the Company, pursuant to § 58-27-1300, respectfully requests that the Commission issue an order authorizing SCE&G to transfer real property, as more fully described below, to the City of Charleston (the “City”) and waive the Bid Requirement set forth Order No. 92-931.

Background

SCE&G owns a tract of land bounded by Conroy, Meeting, Cool Blow and Nassau streets located in the City’s upper peninsula (“SCE&G Tract”). The SCE&G Tract consists of approximately 2.439 acres and has a market value of approximately \$4,250,000. Today, the SCE&G Tract is a vacant lot but the property was once used by the Company as an operations center for its electric operations in the Charleston and surrounding areas. Accordingly, this acreage is classified as utility property. Attached to this letter as Exhibit A is a map depicting the SCE&G Tract. The SCE&G Tract is outlined in yellow.

SCE&G has negotiated two separate agreements for the transfer of the SCE&G Tract to the City, both of which are contingent upon the Commission granting the requests made herein.

(Continued . . .)

The first agreement is a ground lease and the second agreement is a purchase and sale agreement, both of which were executed simultaneously.

Under the ground lease, the Company will lease to the City the SCE&G Tract for five years or until the City purchases the property. The ground lease will terminate when the City either purchases the property or the five-year lease term expires, whichever event occurs first. During the term of the ground lease, the City must use and occupy the SCE&G Tract solely for a school and/or a public park and such uses as are incidental thereto. In exchange for its use of the SCE&G's Tract, the City has agreed to pay SCE&G rent in the amount of ten dollars (\$10.00) over the term of the lease.

After consummation of the ground lease and in accordance with its terms, it is SCE&G's understanding that the City will sub-lease the SCE&G Tract to Meeting Street Academy ("MSA"), a South Carolina non-profit corporation. MSA will then construct and provide the Charleston community with a college preparatory school for grades kindergarten through eighth grade, a gymnasium, playground and playing fields as well as a state of the art, minimal tuition school for traditionally underserved children in the Charleston area. According to the City and MSA, these facilities will provide children with a rich and challenging academic curriculum that addresses all areas of a child's development; physical, emotional, social, and cognitive as well as creative arts programs. The initial term of the sub-lease is fifty (50) years.

Upon expiration of the ground lease, the City will purchase the SCE&G Tract from the Company pursuant to a purchase and sales agreement. Under the purchase and sale agreement, the City has agreed to purchase the SCE&G Tract for \$4,750,000. In accordance with the FERC Uniform System of Accounts prescribed for public utilities, as adopted by the Commission, the gain realized from this transaction will be recorded in Account 421.1000 entitled "Gain on Disposition of Property."

Request for Authorization to Transfer Property to the City

SCE&G, pursuant to § 58-27-1300, is prohibited from selling utility property valued in excess of \$1,000,000 without obtaining the Commission's approval. In this instance, the SCE&G Tract is valued in excess of \$1,000,000 and the Company wishes to transfer the property to the City for the purpose of constructing and operating a school for children. Based upon the foregoing, SCE&G respectfully requests that the Commission issue an order authorizing SCE&G to transfer the SCE&G Tract to the City. More specifically, the Company requests that the Commission issue an order authorizing SCE&G to (i) lease the SCE&G Tract to the City and (ii) sell the SCE&G Tract to the City after the ground lease terminates.

Request for Waiver of Bid Requirement

In Order No. 92-931, the Commission articulated a requirement that if SCE&G seeks to sell real property in excess of \$50,000, then the Company must engage in a competitive bid process. The competitive bid process is outlined in detail in the Order. [See Appendix A to Order, pp.20-21]. The Company understands that the purpose and intent of the Order is to

protect against affiliate preferences and to insure that SCE&G disposes of real property in a manner that promotes fair and equitable treatment of the parties to the transaction, potential bidders, and SCE&G's customers.

In the present case, SCE&G has no future plans or current use for the SCE&G Tract. Moreover, the Company has identified a purchaser for its property who is willing to pay fair market value for this property and who is also willing to use the property for the purpose of constructing and operating a school for children. Furthermore, the purchaser of this property is not affiliated in any manner with SCANA or any of its subsidiaries. Based on the foregoing, the sale of the SCE&G Tract in the manner described herein encompasses the fair and equitable considerations prescribed in Order No. 92-931. Accordingly, SCE&G respectfully requests that the Commission issue an order authorizing the Company to sell the SCE&G Tract to the City without engaging in the competitive bid process described in Order No. 92-931.

By copy of this letter, we are also notifying counsel for the South Carolina Office of Regulatory Staff of the Company's request for approval to transfer real property to the City of Charleston and waive the Bid Requirement set forth Order No. 92-931.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosure

cc: Shannon Bowyer Hudson, Esquire
A. Randy Watts
(both via hand delivery w/enclosure)